

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

TEXAS GAS SERVICE COMPANY
UTILITY SERVICE REGULATIONS
Table of Contents

<u>Part</u>	<u>Section Name/Subsections</u>	<u>Sect. No.</u>	<u>Page</u>
01.00.00	GENERAL RULES		
	Introduction	01.01.00	1
	01.01.01 General Statement of Purpose		
	01.01.02 General Operating Policies		
	Definitions	01.02.00	2
	01.02.01 Account		
	01.02.02 Applicant		
	01.02.03 Billing Month		
	01.02.04 Commercial Office		
	01.02.05 Commercial Service		
	01.02.06 Consumer		
	01.02.07 Credit Security		
	01.02.08 Customer		
	01.02.09 Customer's Piping		
	01.02.10 Customer Payment Standards		
	01.02.11 Hazardous Weather Conditions		
	01.02.12 Meter		
	01.02.13 Notice		
	01.02.14 Point of Delivery		
	01.02.15 Regulatory Authority		
	01.02.16 Serious Illness		
	01.02.17 Service Address		
	01.02.18 Service Contract		
	01.02.19 Service Pipe		
	01.02.20 Yardline		
	Customer Relations and Public Information	01.03.00	6
	01.03.01 Facilities		
	01.03.02 Availability and Distribution of Rate Schedules and Utility Service Regulations		
	01.03.03 Change in Rate Schedules and Classifications		
	01.03.04 Meter Reading		
	01.03.05 Customer's Rights		
	01.03.06 Serious Illness		
	01.03.07 Complaints		

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

TEXAS GAS SERVICE COMPANY UTILITY SERVICE REGULATIONS Table of Contents

<u>Part</u>	<u>Section Name/Subsections</u>	<u>Sect. No.</u>	<u>Page</u>
01.00.00	GENERAL RULES (continued)		
	Service Contracts	01.04.00	9
	01.04.01 Execution of Service Contract		
	01.04.02 Supplying of Service		
	01.04.03 Continuity of Service		
	01.04.04 Customer's Responsibilities		
	01.04.05 Remetering and Resale of Service		
	01.04.06 Service to Adjacent Premises		
	01.04.07 Company's Right to Cancel Service Contract		
	01.04.08 Persons and Entities who are Responsible for Payment of Utility Services		
	Appeals and Hearings	01.05.00	14
	01.05.01 Appeals		
	01.05.02 Hearings		
	01.05.03 Results of Hearings		
	01.05.04 Continuity of Service During Appeal		
	01.05.05 Failure of Company to Comply		
	Extension of Facilities	01.06.00	18
	01.06.01 Extension of Facilities		
	Customer Owned Systems	01.07.00	20
	01.07.01 Customer Owned Systems		
	Curtailments	01.08.00	21
	01.08.01 Curtailments		
	01.08.02 Priority		
	01.08.03 Method of Curtailment		
	01.08.04 Class and Group Curtailment		
	01.08.05 Notification and Penalties		
	01.08.06 Suspension of This Section		
	01.08.07 Jurisdiction Over Curtailment Policy		

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

TEXAS GAS SERVICE COMPANY
UTILITY SERVICE REGULATIONS
Table of Contents

<u>Part</u>	<u>Section Name/Subsections</u>	<u>Sect. No.</u>	<u>Page</u>
01.00.00	GENERAL RULES (continued)		
	Equal Payment Plan	01.09.00	25
	01.09.01 Payment Plan		
<hr/>			
02.00.00	INITIATION, CONTINUATION, AND TERMINATION OF SERVICE		
	Application for Service	02.01.00	27
	02.01.01 Where to Apply		
	02.01.02 Identification		
	02.01.03 Credit Security		
	02.01.04 Address Verification		
	02.01.05 Fees and Payment		
	02.01.06 Nonresidential Service		
	Refusal of Service	02.02.00	29
	02.02.01 Sufficient Grounds		
	02.02.02 Right of Appeal		
	Credit Security	02.03.00	30
	02.03.01 Authority		
	02.03.02 Forms of Credit Security for Residential Service		
	02.03.03 Forms of Credit Security for Nonresidential Service		
	02.03.04 Customer Payment Standards		
	02.03.05 Disposition of Material Forms of Credit Security		
	02.03.06 Disposition of Unclaimed Cash Deposits		
	02.03.07 Failure to Comply		
	Billing and Payment	02.04.00	33
	02.04.01 Billing Periods		
	02.04.02 Information Required on the Bill		
	02.04.03 Payment		
	02.04.04 Billing Adjustments		
	02.04.05 Customer's Right to Dispute Bills		
	02.04.06 Delinquency		
	02.04.07 Unlawful Use of Service		
	02.04.08 Returned Checks		

Contents

iii

continued

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

TEXAS GAS SERVICE COMPANY
UTILITY SERVICE REGULATIONS
Table of Contents

<u>Part</u>	<u>Section Name/Subsections</u>	<u>Sect. No.</u>	<u>Page</u>
02.00.00 (cont.)	INITIATION, CONTINUATION, AND TERMINATION OF SERVICE		
	Deferred Payment Agreements	02.05.00	37
	02.05.01 Eligibility		
	02.05.02 Determination of Reasonableness		
	02.05.03 Basic Terms		
	02.05.04 Default		
	02.05.05 Appeals		
	Transfer of Service	02.06.00	39
	02.06.01 Customer Move Within Service Area		
	02.06.02 Transfer of Service		
	02.06.03 Credit Security Transfer		
	Grounds for Termination of Service	02.07.00	40
	02.07.01 Sufficient Grounds		
	02.07.02 Insufficient Grounds		
	Procedural Requirements for Collection and Termination	02.08.00	42
	02.08.01 Applicability		
	02.08.02 Notice		
	02.08.03 Field Collection - General Circumstances		
	02.08.04 Field Collection - Special Circumstances		
	02.08.05 Re-Initiation of Service		
	02.08.06 Fees and Charges		
03.00.00	TECHNICAL SPECIFICATIONS FOR SERVICE		
	Company's Installation and Metering	03.00.00	47
	03.01.01 Protection By Customer		
	03.01.02 Meter Installation		
	03.01.03 Evidence of Consumption		
	03.01.04 Meter Tests		
	03.01.05 Bill Adjustment Due To Meter Error		

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

TEXAS GAS SERVICE COMPANY
UTILITY SERVICE REGULATIONS
Table of Contents

<u>Part</u>	<u>Section Name/Subsections</u>	<u>Sect. No.</u>	<u>Page</u>
04.00.00	SUPPLEMENTS		
	Fees and Cash Deposits	04.00.00	49
	04.01.01 Fees		
	04.01.02 Cash Deposits		

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES Introduction

PART 01.00.00
Section 01.01.00
Page 1

01.01.01

GENERAL STATEMENT OF PURPOSE

These Service Regulations

Provide specific rules to be followed by the Company in supplying natural gas utility service and by the Customer in using such service.

Are designed to provide good service, fair treatment, and maximum safety to the natural gas utility Customers and to the Company.

Are officially on file in the Railroad Commission of Texas Gas Utilities Division. Copies are available to natural gas utility Customers at the Company's Austin offices.

Supersede and annul all previous service regulations pertaining to the supplying and taking of the Company's natural gas service. Subsequent revisions to these policies and procedures may be made with the approval of the appropriate regulatory authority.

01.01.02

GENERAL OPERATING POLICIES

Service under this Tariff is subject to the original jurisdiction of the Railroad Commission of Texas.

It is the policy of the Company to cooperate with charitable and welfare organizations assisting Customers in paying and planning for payment of their bills.

Free service shall not be rendered by the Company to any Customer. All Customers within the Company's service area shall be served in accordance with the prices, terms and conditions provided for in applicable Tariffs and regulations.

It is the on-going policy of the Company to provide utility services in a fair, equitable, and courteous manner to all Customers.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES Definitions

PART 01.00.00
Section 01.02.01
Page 2

01.02.01

ACCOUNT

An account is the record of consumption, charges and payments for services rendered to a Customer at a specific service address.

Active Account - An account is active when any service is available to the Customer at the service address specified for that account.

Inactive Account - An account is inactive when all service is terminated for the Customer at the service address specified for that account.

01.02.02

APPLICANT

Any person, organization or group of persons or organizations making a formal request either orally or in writing for gas service from the Company.

01.02.03

BILLING MONTH

An interval of approximately thirty (30) days between successive meter reading dates.

01.02.04

COMMERCIAL OFFICE

A department of the Company's local operations responsible for

Initiation and termination of service.

Regular readings of meters.

Regular billing for service (including resolving related billing problems and inquiries).

Collection of and accounting for accounts receivable.

01.02.05

COMMERCIAL SERVICE

Service to Consumers engaged primarily in the sale or furnishing of goods and services and any usage not otherwise provided for.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Definitions cont.

PART 01.00.00

Section 01.02.06

Page 3

01.02.06

CONSUMER

Any person or organization receiving and using gas from the Company for his or her own needs whether or not the gas is billed directly to him or her, or to a second party. (For example, in the case of rental unit where the utilities are part of the rent, the landlord is a Customer and the tenant is a Consumer).

01.02.07

CREDIT SECURITY

That which is required by the Company to cover risk of nonpayment by Customer for utility services rendered.

01.02.08

CUSTOMER

Any individual, partnership, association, firm, public or private corporation, governmental authority, or other legal entity being billed for gas utility service by the Company at any specified service address.

01.02.09

CUSTOMER'S PIPING

All piping and equipment installations on the Customer's side of the meter must be in conformance with applicable City codes. Customer piping must pass applicable pressure testing before initiation of natural gas service.

01.02.10

CUSTOMER PAYMENT STANDARDS

The minimum payment practices a natural gas utility Customer must meet in lieu of providing other forms of credit security.

01.02.11

HAZARDOUS WEATHER CONDITIONS

The average daily temperature is freezing or below; or the average daily temperatures are predicted to be freezing or below over a 24-hour period.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Definitions cont.

PART 01.00.00

Section 01.02.12

Page 4

01.02.12

METER

The meter or meters, together with auxiliary devices, if any, constituting the complete installation needed to measure the natural gas supplied to any individual Customer at a single point of delivery.

01.02.13

NOTICE

Unless otherwise specified, a written notification delivered personally or mailed by one party to the other at such other party's last known address, the period of notice as required by any applicable section of these Regulations being computed from the date of such personal delivery or mailing.

01.02.14

POINT OF DELIVERY

The outlet of the Company's meter where it connects to Customer's piping.

01.02.15

REGULATORY AUTHORITY

The City has original jurisdiction over the Company's rates and service regulations within the municipal boundaries of the City according to state law. Appellate jurisdiction rests with the Railroad Commission of Texas.

Outside the municipal boundaries, the Railroad Commission of Texas has original jurisdiction over the Company's rates and service regulations.

01.02.16

SERIOUS ILLNESS

Any illness wherein termination of natural gas service would be especially dangerous to that person's health as certified by a licensed physician.

01.02.17

SERVICE ADDRESS

Specified address of a location which can receive natural gas utility service provided by the Company. A valid Service Address shall contain the street name and house number and, when applicable, the building, unit and/or suite number. The Service Address must be visible from the street which serves that structure.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES
Definitions cont.

PART 01.00.00
Section 01.02.18
Page 5

01.02.18

SERVICE CONTRACT

A service contract, whether or not in writing, exists between a Customer and the Company when the Company supplies service and the Customer accepts it. A Customer accepts natural gas service:

when the Customer or Customer's agent requests utility service and the Company provides it,

or

when the Customer, though not requesting service, knowingly receives service for more than seventy-two (72) hours, benefits from the service, and does not request discontinuance in writing prior to the expiration of the seventy-two (72) hour period.

All rights and obligations under this contract are governed by state and federal law, applicable rate ordinances and by these regulations, including any amendments to the foregoing, in effect at the time when service is rendered.

Subject to the foregoing, every service contract shall obligate the Customer to pay for service rendered, and shall obligate the Company to continue providing service for so long as the Customer pays for such service on a timely basis by paying for service rendered by the due date printed on the bill.

01.02.19

SERVICE PIPE

The Company owned piping, connecting Company's distribution facilities to the yardline at the property line.

01.02.20

YARDLINE

The piping carrying natural gas on the Customer's property between the property line and meter.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Customer Relations and Public Information

PART 01.00.00

Section 01.03.01

Page 6

01.03.01

FACILITIES

Upon request, the Company will provide information regarding the physical locations, size, capacity and other pertinent data regarding its facilities based on information available to it for any valid purpose relating to the provision of gas service.

01.03.02

AVAILABILITY AND DISTRIBUTION OF RATE SCHEDULES AND UTILITY SERVICE REGULATIONS

All Customers living within the City shall be served under rate schedules filed with the City and Railroad Commission of Texas. All Customers living outside of the city shall be served under rate schedules on file with the Railroad Commission of Texas. Customers shall be assigned to rate schedules in accordance with the class of the particular Customer, the usage which will be made of the gas and that Customer's volume requirements. The Company shall advise the Applicant or Customer how to secure the most advantageous rate schedule available for his usage. A Customer assigned to a rate schedule shall remain on that schedule for a minimum of one year except that an assignment made in error shall be corrected immediately. Questions regarding a nonresidential Customer's classification shall be determined by the location of the Customer's primary business in the latest edition of the Standard Industrial Classification Manual of the United States Government's Office of Management and Budget.

The Company shall post a notice in a conspicuous place in its Commercial Offices informing the public that copies of the following are available for inspection:

- rate schedules,
- utility fees and deposit schedules; and
- utility service regulations.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Customer Relations and
Public Information cont.

PART 01.00.00
Section 01.03.03
Page 7

01.03.03 CHANGE IN RATE SCHEDULES AND CLASSIFICATIONS

The Company shall provide public notice of any proposal for a change in rates or service classification, that has been made by the Company, prior to its adoption. Such notice shall be made by newspaper publication and shall include information on the proposed changes, the impact of the changes on the Company's revenues, the class of Customers affected by the proposed changes and whether the proposed changes are major changes as defined in the Gas Utility Regulatory Act. The notice shall also inform the Customers that the proposed changes are on file at the City, the Railroad Commission of Texas Gas Utilities Division and at the Company's Commercial offices.

01.03.04 METER READING

Upon request the Company shall inform its Customers how to read its meters.

01.03.05 CUSTOMER'S RIGHTS

The Company shall annually provide each residential and small commercial Customer with a summary description of:

Customer rights; and
Company obligations under these rules.

This information shall be provided in English and Spanish. New residential and small commercial Customers shall be provided with the description no later than the date they receive their first bill.

01.03.06 SERIOUS ILLNESS

The Company will use its best efforts to not discontinue service to a delinquent residential Customer who permanently resides in an individually metered dwelling unit if the Customer establishes that discontinuance of service will result in some person residing at the residence becoming seriously ill or more seriously ill if service is discontinued. Any Customer seeking to avoid termination of service under this Section must make a written request to the Company, supported by a written statement from a licensed physician. The request and physician's statement must be received by

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Customer Relations and
Public Information cont.

PART 01.00.00
Section 01.03.06
Page 8

the Company no more than five working days after the date of delinquency of the bill. The Company shall not terminate service for twenty days after the request and physician's statement is received unless the Company and Customer agree to an earlier termination date. A Customer who makes a request for nontermination of service under this section must sign an installment agreement providing for payment of the delinquent service and timely payments of subsequent monthly billings. Failure to comply with the terms of the installment agreement or to make timely payments of subsequent bills may result in termination of service pursuant to Sections 02.07.01 - 02.08.06.

01.03.07

COMPLAINTS

The Company shall make a prompt and suitable investigation of complaints made either in person, in writing, or by telephone and will advise the complainant of the results thereof.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Service Contracts

PART 01.00.00

Section 01.04.01

Page 9

01.04.01

EXECUTION OF SERVICE CONTRACT

A service contract exists between the Company and parties who

properly execute an application for service or service contract; or

accept or use gas service supplied by the Company under the conditions set forth in Section 01.02.18 or under other conditions that would give rise to an obligation to pay for such service regardless of whether an express agreement, written or oral, exists between the Company and any such party.

01.04.02

SUPPLYING OF SERVICE

Utility service is supplied

only under and pursuant to these Regulations, any modifications or additions thereto lawfully made, and such applicable rate schedules as may from time to time be lawfully fixed, and pursuant to other tariffs then in effect;

at such points of delivery as are adjacent to facilities of the Company that are adequate and suitable as to capacity and character for the service desired; and

to installations in conformance with applicable city, federal, state, or town codes.

If a Customer wishes to change the point of delivery and/or capacity of the service or require another service the Customer shall bear the cost for any necessary change in accordance with the appropriate rate schedule, and pay any fees necessary for this action.

Service will not be supplied to any premises if, at the time of application for service, the Applicant is indebted to the Company for service previously supplied at the same or another address until payment has been made or an acceptable payment agreement has been initiated for such indebtedness. Service will not be supplied for failure to pay the unpaid bill of

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Service Contracts cont.

PART 01.00.00

Section 01.04.02

Page 10

another Customer at the same address if such person still resides at the premises to be served or if the Applicant received a beneficial use of the utility service provided the previous Customer.

01.04.03

CONTINUITY OF SERVICE

The Company will use reasonable diligence to supply steady and continuous service but does not guarantee the service against irregularities or interruptions. Under certain circumstances it may be necessary to curtail Customers of any class. The procedure for such curtailments is located in Sections 01.08.01 - 01.08.06.

The Company may interrupt service

during periods of supply or capacity curtailment;

when necessary to repair, change, or relocate the Company's distribution systems;

without incurring any liability; and

for such periods as may be reasonably necessary to make such repairs or changes.

01.04.04

CUSTOMER'S RESPONSIBILITIES

The Customer assumes all responsibility on the Customer's side of the point of delivery for the service supplied or taken.

In no event shall the Company be liable to the Customer or to any other person or entity for damages, or other loss, whether caused by negligence of the Company or otherwise, caused by interruption of service in cases where such interruptions of service were not intended, and the Customer shall release and hold the Company harmless with respect to same.

Right-of-Way - The Customer shall make or procure conveyance to the Company of perpetual right-of-way:

satisfactory to the Company,

across the property owned or controlled by the Customer,

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Service Contracts cont.

PART 01.00.00

Section 01.04.04

Page 11

for the Company's lines or extensions thereof, or other equipment necessary or incidental to the supplying of service to the Customer, and

without reimbursement to the Customer from the Company.

Access to the Premises - The Customer shall maintain the premises in such a manner that the Company's agents:

shall be able to verify the valid Service Address of the premises from the street; and

shall have safe and unobstructed access to all portions thereof, at all reasonable hours, for the purpose(s) of

- maintaining, removing, or replacing the Company's property;
- reading meters; and
- all other purposes incident to the supplying of service to the Customer.

Location of Service Connections - The Customer's service connections are to be located at a point readily accessible to the Company's service facilities. The service connection point is to be determined by the Company, and such point may be relocated if deemed necessary by the Company.

01.04.05

REMETERING AND RESALE OF SERVICE

Service is supplied directly to the Customer through the Company's own meter.

Utility service shall not be metered for resale, or otherwise resold by a Customer, for a price higher than the price charged to the Customer by the Company. The Company may, after notice and opportunity for hearing, discontinue supplying of utility service to a Customer to prevent a violation of this provision.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Service Contracts cont.

PART 01.00.00

Section 01.04.06

Page 12

01.04.06

SERVICE TO ADJACENT PREMISES

No Customer may extend or connect the Customer's installation to utility lines across or under a public street, alley, right-of-way space, or other private space, including property lines, in order to obtain service for adjacent property through one meter, even though such adjacent property is owned, controlled, or occupied by the Customer.

The Company may terminate service to a Customer after notice and opportunity for hearing until any violation of this subsection is discontinued.

However

A Customer who owns adjacent properties which are developed and operated as a unified apartment, office, commercial, or industrial project, may extend or connect the installation to lines across or under the property lines of said adjacent properties in order to service said properties through one meter, for as long as the above stated condition continues.

01.04.07

COMPANY'S RIGHT TO CANCEL SERVICE CONTRACT

Exercise of or failure to exercise any one or more of the following remedies does not affect the Company's right to resort thereafter to any one or more of such remedies for the same or any future default or breach of the service contract by the Customer:

Remedies:

terminate service as provided for in Sections 02.07.01 - 02.08.06 of these Regulations;

cancel service contract(s); and

resort to any other legal remedy.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Service Contracts cont.

PART 01.00.00

Section 01.04.08

Page 13

01.04.08

PERSONS AND ENTITIES WHO ARE RESPONSIBLE FOR PAYMENT
OF UTILITY SERVICES

When the Customer fails, refuses, or is unable to pay for services rendered, the Company may require payment from the Customer or from any other person, corporation, or other legal entity who is liable to the Company for the services rendered under any law or legal doctrine available in this state.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Appeals and Hearings

PART 01.00.00

Section 01.05.01

Page 14

01.05.01

APPEALS

Customers objecting to the actions, policies, or decisions of the Company with regard to utility service may informally appeal to the Company

in person; or

by telephone

to attempt a resolution administratively.

When an informal appeal is made, a document shall be prepared by the Company representative to indicate:

the reason for the informal appeal;

the persons present during the meeting; and

the decision of the Company representative.

If the problem is not resolved by an informal appeal, the Customer shall be given written notice of his/her right to a formal appeal hearing pursuant to this subsection of these Regulations. Such notice shall indicate:

the steps the Customer must take to initiate the appeal, including providing the name of the officer and the address to which the appeal shall be made;

whether failure to initiate the appeal within three (3) days of the date of the notice may result in termination of service to the account in question; and

the procedure for obtaining a copy of the rules for the formal hearing.

A request for a formal appeal hearing before the designated Hearing Officer will not be granted when the Customer's only complaint regards the:

determination of reasonableness or the denial of a deferred payment agreement under Sections 02.05.01 - 02.05.05 of these Regulations;

Customer's financial inability to pay for services rendered and there is no dispute as to the accuracy of the billing or the Customer's liability; or the

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Appeals and Hearings cont.

PART 01.00.00

Section 01.05.01

Page 15

design and fairness of the rate schedule.

01.05.02

HEARINGS

The time, date and place of a formal appeal hearing shall be provided to the Customer requesting a formal hearing.

The hearing shall be held not more than five (5) business days from the date of the Customer's request.

The Customer may appear in person or be represented by counsel or both, and shall be afforded the opportunity to confront and question adverse witnesses at the hearing.

The formal legal rules of evidence shall not apply.

The formal appeal hearing shall be before a Hearing Officer:

appointed by the Company Vice-President - Central Texas for the purpose of hearing such appeals,

not under the supervision of the Commercial Office Manager; and

not a participant in the previous decision now under review.

The Hearing Officer shall

be the sole judge of the evidence and credibility of witnesses and the facts as well as the applicability of the rules and regulations of the Company; and

render his/her final decision in writing to all parties concerned at the close of the hearing or within five (5) business days of its conclusion.

01.05.03

RESULTS OF HEARINGS

In the event the decision reached at a formal appeals hearing is against the Customer, the Hearings Officer shall

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Appeals and Hearings cont.

PART 01.00.00

Section 01.05.03

Page 16

instruct the Company and Customer what action, if any, must be taken by the Customer to maintain utility service; and

set a reasonable period of time in which the Customer must take such action. In the event that payment of a bill is involved, the Customer shall be allowed three (3) business days to pay such amount.

In the event the decision reached at a formal appeal hearing is in favor of the Customer, in whole or part, the Hearings Officer shall

instruct the Company and Customer what corrective action shall be taken and the Company shall take action within a reasonable time, which time may be set by the Hearing Officer; and

instruct the Customer to pay or make acceptable arrangements for payment of any amount of disputed billing found to be accurate, within three (3) business days or by the due date of the billing whichever is later.

01.05.04

CONTINUITY OF SERVICE DURING APPEAL

During the pendency of the formal appeal, the Customer's utility service shall be continued if not terminated prior to a valid formal appeal.

In the event utility service was terminated prior to a valid formal appeal hearing

utility service will be re-initiated upon payment of the initiation fee and payment of an amount consistent with that Customer's previous year's usage for the same billing period, or an amount consistent with usage of similar residential units in the same area, if the Customer has no previous service history. If applicable, correction of any condition which caused service to be terminated must be corrected prior to re-initiation of service.

the initiation fee will not be charged if the Hearing Officer's decision is in favor of the Customer in whole or part.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Appeals and Hearings cont.

PART 01.00.00

Section 01.05.05

Page 17

01.05.05

FAILURE OF COMPANY TO COMPLY

The failure of the Company to comply with any time provision contained herein shall in no way result in the Company's waiving its right to see termination of service for the reasons specified in these Regulations.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Extension of Facilities

PART 01.00.00

Section 01.06.01

Page 18

01.06.01

EXTENSION OF FACILITIES

The Company shall install the necessary facilities to provide service beyond existing distribution lines.

Expenditures for such extensions must be cost justified or a refundable cash advance will be required.

Facilities of greater capacity than Applicant requires may be installed, however, cash advance will be based only on size and capacity of facilities needed by Applicant.

Amount of cash advance may be reduced by an allowance for the number of existing Customers along the route of the extension. Such Customers must apply for service prior to installation of the facilities and have major gas burning appliances, water heater or furnace.

Allowance per residential Customer is an amount equal to the cost of 100 feet of distribution main.

Allowance per non-residential Customer is equal to anticipated first three years' gross margin.

Company may elect to allow as approach main an amount equal to 15 feet of main for each potential residential Customer.

Non-residential approach main allowance is based on residential equivalents of anticipated margin.

Applicant and Company shall enter into a written agreement on the Company's standard form. All advances must be paid in cash prior to construction.

Construction of facilities will commence as soon as practical after receipt of advance and prosecuted with reasonable diligence with allowance for delays caused by events or conditions beyond the Company's control.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Extension of Facilities cont.

PART 01.00.00

Section 01.06.01

Page 19

Right-of-way for Company facilities on Applicant's property shall be furnished by the Applicant in the Company's name, on Company's forms at no cost to the Company.

If, on the first anniversary of the extension agreement, the extension of facilities has not been installed through no fault of the Company, the agreement will be terminated and the advance refunded.

A review of the number of Customers served from the extension will be made on or about the second through fifth in-service anniversaries and a refund equal to the allowance specified in the contract will be made for each additional Customer that came on service since the previous review.

No refund shall be given which shall cause the total refunds to be greater than the total advance.

No interest shall be paid on any advance.

At the end of five years any remaining amount of the advance shall be retained by the Company as a contribution in aid of construction.

Any refund of advance which is returned undelivered and remain unclaimed in the Company's possession after six months following expiration of the five year period of the agreement shall be retained as a contribution in aid of construction.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Customer Owned Systems

PART 01.00.00

Section 01.07.01

Page 20

01.07.01

CUSTOMER OWNED SYSTEMS

Company shall not render service to any Customer through a meter not connected to a system owned by the Company or one of its suppliers.

Company shall provide service through a master meter into the piping systems of others to be distributed to more than one Consumer, except when the gas is resold to those Consumers.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES Curtailments

PART 01.00.00
Section 01.08.01
Page 21

01.08.01

CURTAILMENTS

When the capacity of the Company's system or limitations of the gas supplied to the Company from any source, is not sufficient to meet its total service commitments, interruptions or curtailments of service shall be made at such times and to the extent necessary to reduce the anticipated demand to the available supply. All such interruptions and curtailments shall be made in accordance with these regulations.

01.08.02

PRIORITY

All Customers served by the Company shall be classified into one of the following priority groups.

A. Gas sold for use in residences and by hospitals, schools, universities, colleges, churches, public safety buildings, multi-family dwellings and apartments, for uses other than electric generation.

B. Gas sold for agricultural purposes.

C. This category consists of the following:

1. gas sold to small commercial and small industrial Customers using 200 MCF or less on an average day;
2. gas sold to industrial Customers as plant protection gas, which is defined as the minimum gas required to prevent physical harm to the plant facilities or danger to plant personnel, including but not limited to gas for pilot lights. This includes the protection of such material in process as would otherwise be destroyed, but shall not include gas required to maintain plant production;
3. gas sold to commercial or industrial Customers used to provide water heating, heating and cooling for human comfort in the plant or office areas;

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Curtailments cont.

PART 01.00.00

Section 01.08.02

Page 22

4. gas sold for use in power generating plants for start up, safety and flame stabilization.
- D. Gas sold to commercial Customers using more than 200 MCF, but less than 1,500 MCF on an average day.
- E. Gas sold to small industrial Customers using more than 200 MCF and less than 3,000 MCF on an average day, provided such user has no economically feasible alternate fuel.
- F. This category consists of the following:
 1. gas sold to industrial Customers for feedstock use where the gas volume is more than 200 MCF and less than 3,000 MCF on an average day; feedstock being defined as natural gas used for its chemical properties as a raw material in creating an end product. Any such Customer must prorate its demand for gas and must maximize its use of all other sources of gas;
 2. small public utility electric generating systems which use less than 3,000 MCF on an average day.
- G. Gas sold for use in existing power generating plants for the generation of electricity which is used to serve Customers whose usage falls within the descriptions above and small commercial and industrial Customers using 20,000 KWH or less on an average day.
- H. This category consists of the following:
 1. gas sold for use by commercial Customers in excess of 1,500 MCF on an average day;
 2. small industrial Customers not qualifying under any of the above.
- I. All gas sold for use in existing power generating plants for the generation of electricity not included in any of the above.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Curtailments cont.

PART 01.00.00

Section 01.08.02

Page 23

J. This category consists of the following:

1. gas sold to large users of gas, in excess of 3,000 MCF on an average day, for fuel for which alternate fuels are not technically feasible, such as in applications requiring precise temperature controls and precise flame characteristics.
2. gas sold for feedstock as defined above, in excess of 3,000 MCF on an average day.

K. Gas sold for any use, including boiler fuel and other indirect flame applications, in excess of 3,000 MCF on an average day and any other use which does not qualify under a preceding priority.

01.08.03

METHOD OF CURTAILMENT

Curtailment shall be ordered ratably insofar as feasible within each priority group served by the same system; provided, however, that the Company may provide by rate schedule for two or more subgroups within any priority class other than Priorities A and B. Total curtailment during any calendar year shall be made to the end, insofar as feasible, that all Customers within a priority group or subgroup served by the same system may be curtailed in the same proportion that each Customer's total requirements during the year bears to the total requirements of all Consumers in that priority group or subgroup.

01.08.04

CLASS AND GROUP CURTAILMENT

No curtailment shall be applied to any Customer at any time when any Consumer in a lower (i.e., higher lettered) priority group or subgroup, who is served by the same system, has not been directed by the Company to effect full curtailment of service.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Curtailments cont.

PART 01.00.00

Section 01.08.05

Page 24

01.08.05

NOTIFICATION AND PENALTIES

The Company shall notify in advance each Customer to be curtailed under the provisions of this Section, of the extent and amount of the curtailment required from him or her. If, after notification, any Customer (other than a Customer in Priority A) fails to curtail during the required period, or to the amount required, such Customer shall pay any penalty provided for in the rate schedules under which he or she is served. In addition, the Company shall have the right to disconnect any Customer who fails to curtail as notified without further notice if service to Consumers in Priorities A and B is threatened.

01.08.06

SUSPENSION OF THIS SECTION

This curtailment procedure may be suspended by the Company during any emergency when life or property is endangered.

01.08.07

JURISDICTION OVER CURTAILMENT POLICY

Jurisdiction over the curtailment policy set forth in Sections 01.08.01 - 01.08.07 lies with the Railroad Commission of Texas. The Company may change its curtailment policy from time to time if approved or ordered by the Railroad Commission of Texas.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Equal Payment Plan

PART 01.00.00

Section 01.09.01

Page 25

01.09.01

PAYMENT PLAN

Residential Customers may elect to participate in the Company's Budget Payment Plan for payment of charges for gas service. The Plan shall be developed in the following manner:

The Plan year shall be 12 months ending each year with the Customer's July bill. The Plan monthly payment shall be determined as follows:

- For Customers electing to commence with the August bill, the monthly payment shall be 1/11th of the estimated charges for the Customer's plan year.
- for Customers electing to commence in September or later, the monthly payment shall be 1/10th, 1/9th, 1/8th, declining successively each month as applicable, of the estimated charges for gas service for the remaining number of months of the Plan year until the next following July bill. Succeeding years shall be computed on an annual basis as in subparagraph (1) below.

The estimated charges for gas service for the Plan year, or the remainder of the Plan year, shall be based upon the most recently available prior 12-month period at the same service location; or, if there is not at least 12 months prior service at the same service location, then the charges shall be based upon consumption of similar residential units in the same area. The estimated charges for service shall be adjusted to current rates and for known changes.

The Company reserves the right to adjust the remaining monthly Plan payments of any Customer at any time for changes in conditions or rates.

The Company shall advise each Customer in the Plan of the monthly Plan payment to be paid by the Customer. Each Customer in the Plan will receive a regular monthly gas bill which will reflect actual consumption and charges for that

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

GENERAL RULES

Equal Payment Plan contd.

PART 01.00.00

Section 01.09.01

Page 26

billing month and the amount of any debit or credit balance before the payment of that month's Plan payment. The Customer shall continue to pay the monthly Plan payment amount each month for gas service, notwithstanding the current gas service charge shown on the bill.

Any other charges incurred by the Customer shall be paid monthly when due in addition to the monthly Plan payment.

The July gas bill for each Customer in the Plan shall be handled as follows:

- any amount due the Company up to the monthly Plan payment shall be paid in full by the due date shown on the bill.
- if the balance due the Company exceeds the monthly Plan payment, a payment equal to that amount will be paid and the excess shall be utilized in computing the next Plan year's monthly Plan payment.

Interest will not be charged to the Customer on accrued debit balances or paid by the Company on accrued credit balances.

Any amount due the Customer or due the Company will be settled and paid at the time a Customer, for any reason, ceases to be a participant in the Plan.

Any Customer's participation in the Plan may be discontinued by the Company if the monthly Plan payment has not been paid on or before the due date of the next monthly Plan payment.

If any Customer in the Plan shall cease to participate in the Plan for any reason, then the Company may refuse that Customer's reentry in the Plan until the following August.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Application for Service

PART 02.00.00
Section 02.01.01
Page 27

02.01.01 WHERE TO APPLY

Anyone requesting utility service provided by the Company shall apply to one of the Company's Commercial Offices.

02.01.02 IDENTIFICATION

Applicants for service can be required to provide the following form(s) of identification:

a valid Texas Driver's License with photograph;
or

a valid identification card, with photograph,
issued by the Texas Department of Public Safety;
or

two valid verifiable forms of identification. A
listing of forms currently accepted by the
Company is available on request.

Failure to comply with this section can result in
refusal of service. (See Section 02.02.01 of these
Regulations.)

02.01.03 CREDIT SECURITY

Before service will be initiated Applicants must
establish credit as required for the type of service
requested; pursuant to Sections 02.03.02 and
02.03.03.

02.01.04 ADDRESS VERIFICATION

Applicants for service may be required to obtain,
and produce on request, verifiable proof of their
right to occupy a specific service address as of a
specific date of occupancy.

02.01.05 FEES AND PAYMENT

In addition to establishing credit security,
Applicants for service must pay whichever of the
following fees are required for the service
requested.

After Hours Fee - charged to any Applicant whose
request to initiate service cannot be worked
during normal business hours. Applicant must be
advised that an after hours fee will be charged
and must agree to pay such charge.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Application for Service contd.

PART 02.00.00
Section 02.01.05
Page 28

Read-In Fee - charged to any Applicant for initiation of service when only a meter reading is required.

Initiation Fee - charged to any Applicant for the cost involved in initiation of service. This fee shall be charged when a meter is set or the Applicant's appliances are lighted.

Payment of the above fees is due with the first bill for service.

Sections 04.01.01 and 04.01.02 of these Regulations contain the current schedule of fees and cash deposits.

Only U.S. currency, personal checks, money orders or cashier checks are accepted as payment for cash amounts due for fees, deposits, or charges incurred by utility Customers or Applicants.

02.01.06

NONRESIDENTIAL SERVICE

Applicants for nonresidential service

must provide the Company with all information necessary to estimate the cost of two (2) regular billing months of service at the service address where they wish to initiate service. The Company's estimate shall be used to calculate the necessary credit security required for service initiation; and

may be required to obtain and produce valid verifiable proof of their right to contract for the entity requesting the service.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Refusal of Service

PART 02.00.00
Section 02.02.01
Page 29

02.02.01

SUFFICIENT GROUNDS

The Company may decline to initiate service to any Applicant for any of the following reasons:

if the Applicant is not in compliance with the state, federal or municipal regulations governing the service applied for;

if the Applicant's installation or equipment is known to be hazardous or of such character that satisfactory service cannot be given;

if the Applicant responsible for payment of utility services as set forth in Section 01.04.08 is indebted to the Company for utility service, provided, however, that in the event the indebtedness of Applicant is the subject matter of a pending formal appeal hearing, the Applicant shall be served, if in compliance with the remainder of this section;

if the Applicant does not comply with the application for service requirements or the credit security requirements set by the Company for the service requested;

if the Applicant or the building or structure to be served does not comply with the City's Electric Code, Plumbing Code, Energy Conservation Code, Building Code, Mechanical Code, or Fire Code;

if the Applicant or the building or structure to be served is not in compliance with any city regulation or state or federal statute which provides for refusal or termination of service as a penalty; or

if the building structure to be served is not connected to the Company's distribution facilities.

02.02.02

RIGHT OF APPEAL

In the event the Company shall refuse service to an Applicant under the provisions of these regulations

the Company must inform the Applicant of the basis for its refusal; and
that the Applicant may appeal such decision pursuant to Sections 01.05.01 - 01.05.05 of these Regulations.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Credit Security

PART 02.00.00
Section 02.03.01
Page 30

02.03.01

AUTHORITY

In exchange for assuming the risks involved in providing utility service on credit, the Company may

require Customers to give, maintain, and/or re-establish credit security for any utility service address; and

establish utility Customer payment standards.

02.03.02

FORMS OF CREDIT SECURITY FOR RESIDENTIAL SERVICE

The following forms of credit security may be accepted from residential Customers and Applicants for service:

a record of satisfactory compliance with Customer payment standards for service at a comparable residential service address served by the Company for at least one year;

a refundable cash deposit of as much as one-sixth (1/6) the estimated annual billings for services requested; but no less than the minimum deposit set forth in Section 04.01.02;

a nontransferable, irrevocable letter of credit from an established financial institution, payable for as much as, one-sixth (1/6) the estimated annual billings for services requested and, which can be drawn on for a maximum of two (2) years; but no less than the minimum deposit set forth in Section 04.01.02; and

In addition to the above requirements, residential Customers and Applicants for service must have no outstanding utility bills due to the Company or an acceptable payment plan initiated.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Credit Security cont.

PART 02.00.00
Section 02.03.03
Page 31

02.03.03

FORMS OF CREDIT SECURITY FOR NONRESIDENTIAL SERVICE

Any one of the following forms of credit security may be accepted from nonresidential Customers and Applicants for service:

a record of satisfactory compliance with Customer payment standards for service at a comparable nonresidential service address served by the Company for at least one year;

a refundable cash deposit of as much as one-sixth (1/6) the estimated annual billings for service requested; but no less than the minimum deposit set forth in Section 04.01.02;

a nontransferable, irrevocable letter of credit from an established financial institution, payable for as much as one-sixth (1/6) the estimated annual billings for services requested and, which can be drawn on for a minimum of two (2) years; but no less than the minimum deposit set forth in Section 04.01.02; or

a surety bond issued by a reputable insurance company which can be drawn on for a minimum of two years.

02.03.04

CUSTOMER PAYMENT STANDARDS

In order to have a record of satisfactory compliance with Customer payment standards, the Customer must have:

had at least twelve (12) consecutive billing cycles of residential service, or twenty-four (24) consecutive billing cycles of nonresidential service;

had no disconnection or collection effort for nonpayment during the last twelve (12) consecutive billing cycles of residential service or twenty-four (24) consecutive billing cycles of nonresidential service; and

no utility bills past due.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Credit Security cont.

PART 02.00.00
Section 02.03.05
Page 32

02.03.05 DISPOSITION OF MATERIAL FORMS OF CREDIT SECURITY

When a Customer establishes a record of satisfactory compliance with the Customer payment standards for the account in question as specified in Section 02.03.04; and

has paid the total amount due before the due date for (12) residential billing cycles or twenty-four (24) nonresidential billing cycles; or

discontinues service and pays all utility bills;

then material forms of credit security, with interest if required by law, shall be:

- returned to the Customer;
- voided; or
- if in the form of cash, credited to the Customer's account, or refunded in full.

02.03.06 DISPOSITION OF UNCLAIMED CASH DEPOSITS

A record of each unclaimed deposit will be maintained for a period of seven (7) years, during which time the Company shall make a reasonable effort to return the deposit. After seven (7) years the deposit will become the property of the State of Texas.

02.03.07 FAILURE TO COMPLY

Failure to comply with credit security requirements makes an active account subject to termination of service pursuant to Section 02.09.00 of these Regulations.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Billing and Payment

PART 02.00.00
Section 02.04.01
Page 33

02.04.01

BILLING PERIODS

Bills are rendered at regular monthly intervals unless otherwise authorized or unless service is rendered for a period of less than a month.

02.04.02

INFORMATION REQUIRED ON THE BILL

The Customer's bill shall show all of the following information:

the date and meter reading at the beginning and at the end of the period for which the bill is rendered;

the number and kind of units metered;

the applicable rate classification;

separate charges for cost of service and cost of gas, if treated separately in the rate ordinance;

the total amount due for utility service and tax;

the date the bill is due and by which the Customer must pay the bill;

a distinct marking to identify an estimated bill;

any conversions from meter reading units to billing units, or any other calculations to determine billing units from recording to other devices, or any other factors used in determining the bill;

the explanation of charges shall be in English and Spanish.

The information required by this subsection shall be arranged to permit the Customer to compute his bill by using the applicable rate schedule which shall be supplied when requested by the Customer.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Billing and Payment cont.

PART 02.00.00
Section 02.04.03
Page 34

02.04.03

PAYMENT

All bills for service are due by the date printed on the bill.

If the payment in full is not received in the Company's office by the date printed on the bill, the bill shall be considered delinquent.

If a Customer does not receive his or her bill(s), the obligation to make payment for service rendered is not released or diminished.

02.04.04

BILLING ADJUSTMENTS

If any meter is found to be outside the accuracy standards established by these Regulations, proper correction shall be made of previous readings for the period of six (6) months immediately preceding the removal of such meter from service for the test, or from the time the meter was in service since last tested, but not exceeding six (6) months, as the meter shall have been shown to be in error by such test, and adjusted bills shall be rendered. No refund is required from the Company except to the Customer last served by the meter prior to the test.

If a meter is found not to register for any period unless bypassed or tampered with, the Company shall make a charge for units used, but not metered, for a period not to exceed three (3) months, based on amounts used under similar conditions during the period preceding or subsequent thereto, or during corresponding periods in previous years.

If a meter, though otherwise meeting the accuracy standards established by these Regulations, does not register proper consumption (because of improper installation or for any other reason) the total amount overbilled or underbilled to the Customer shall be adjusted.

The total amount overbilled or underbilled shall be adjusted when the overbilling or underbilling results from causes not mentioned above. Overbillings or underbillings in this category would include, but shall not be limited to, those caused by:

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Billing and Payment cont.

PART 02.00.00
Section 02.04.04
Page 35

- the failure to read a meter;
- the misreading of a meter;
- the application of an improper rate schedule;
or
- typographical or computational errors.

In any case of underbilling, the Company may offer to such Customer a deferred payment plan option for the same length of time as that of the underbilling.

Reimbursement or collection shall be made at the rates in effect at the time of each overbilling or underbilling.

02.04.05

CUSTOMER'S RIGHT TO DISPUTE BILLS

Customers have the right to dispute any portion of their utility bill.

The Appeals and Hearings Section of these Regulations (Sections 01.05.01 - 01.05.05) covers bill disputes.

02.04.06

DELINQUENCY

An active account becomes delinquent when full payment is not received;

in the Company's Commercial Office,

by the due date printed on the bill.

Delinquent accounts are subject to termination of service, pursuant to Sections 02.07.01 - 02.08.06 of these Regulations.

02.04.07

UNLAWFUL USE OF SERVICE

Where a condition threatens the public health, safety or resources, in any case of tampering with a meter installation or interfering with the proper function thereof, or any other unlawful use or diversion of service by any person, or evidence of any such tampering, interfering, unlawful use or service diversion, by a Customer who could be reasonably expected to benefit from such action the Customer is subject to:

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Billing and Payment cont.

PART 02.00.00
Section 02.04.07
Page 36

immediate termination of service; and

prosecution under applicable laws.

In any case of unlawful use of service the Company shall be entitled to collect from the Customer payment of

the costs for all natural gas not recorded on the meter by reason of such tampering, interfering, unlawful use or service diversion,

- the amount of which may be estimated by the Company from the best available data, and
- billed at the proper rate schedule; and

the unauthorized consumption fee plus all other expense incurred by the Company on account of such unauthorized act or acts, such amount based on an itemized statement from the Company.

02.04.08

RETURNED CHECKS

Accounts for which payment is made using checks which are returned by a bank for any reason may be charged a returned check fee for each occurrence.

The amount of the check will be charged back to the account.

Repayment of the returned check shall be made in the form of cash, cashier's check, or money order.

The Customer will be sent a written notice which will indicate that the Customer has seven (7) days in which to make full payment of the amount covered by the returned check, or service will be subject to termination.

Utility service terminated for nonpayment of a returned check will not be re-initiated until the amount of the returned check and all applicable fees have been paid in full.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Deferred Payment Agreements

PART 02.00.00
Section 02.05.01
Page 37

02.05.01 ELIGIBILITY

Any active Customer with a previous balance owed the Company for utility service may apply for a deferred payment agreement.

The Company may enter into a deferred payment agreement with a Customer under circumstances the Company determines are reasonable.

02.05.02 DETERMINATION OF REASONABLENESS

Factors used in determining reasonableness under these Regulations shall include but not be limited to:

size of the previous balance owed the Company;

customer's ability to pay;

customer's payment history;

reasons the debt has not been paid;

time that the debt has been outstanding; and

any additional factors considered relevant other than race, religion, gender, or national origin of Customer.

02.05.03 BASIC TERMS

Every deferred payment agreement shall provide that the Company shall not terminate the Customer's service, if the Customer

first pays an agreed upon reasonable amount of the outstanding previous balance;

pays the current bills, including any applicable fees, when due; and

pays the outstanding previous balance, by agreed upon dates, in reasonable installments until that previous balance is cleared.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND

PART 02.00.00

TERMINATION OF SERVICE

Section 02.05.04

Deferred Payment Agreements cont.

Page 38

02.05.04

DEFAULT

If a Customer fails to meet the terms of a deferred payment agreement, the Company may terminate service pursuant to Sections 02.07.01 - 02.08.06, and under such circumstances, shall not be required to offer subsequent negotiation of a deferred payment agreement prior to termination.

02.05.05

APPEALS

An appeal by a Customer of the determination of reasonableness as defined in Section 02.05.02 above or the denial of a deferred payment agreement shall be conducted pursuant to Sections 01.05.01-01.05.05 of these Regulations.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Transfer of Service

PART 02.00.00
Section 02.06.01
Page 39

02.06.01 CUSTOMER MOVE WITHIN SERVICE AREA

When a Customer vacates a Company service address, notice must be given to the Company prior to the date of change.

A Customer is responsible for all service supplied to vacated premises until such notice is received and the Company has had reasonable time (no more than six (6) business days) to discontinue service.

This section does not abolish or impair any right the Company may have to recover for services rendered pursuant to Section 01.04.08 of this Tariff.

02.06.02 TRANSER OF SERVICE

Customers wishing to transfer service from one service address to another are subject to the requirements of Sections 02.01.00 through 02.03.00 for the type of service to be supplied at the new location.

02.06.03 CREDIT SECURITY TRANSFER

If the credit security requirement at the new service address is higher than at the Customer's previous service address, an additional cash deposit or new credit security instrument may be required before service will be transferred.

If the credit security requirement at the new service address is lower than at the Customer's previous service address, then the Company may, at its option,

apply any cash deposit on hand to the balance due for the previous account and refund the difference, if any, to the Customer, requiring new credit security for the new account; or

transfer the cash deposit to the new account, applying the difference to the new account or refunding it to the Customer.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND

PART 02.00.00

TERMINATION OF SERVICE

Section 02.07.01

Grounds for Termination of Service

Page 40

02.07.01

SUFFICIENT GROUNDS

The Company may terminate a Customer's utility service

at the request of the Customer;

for the Customer's failure;

- to pay a delinquent account;
- to comply with the terms of a deferred payment agreement;
- to comply with credit security requirements;
- to make payment for a bill initially paid by a check returned by a bank for any reason

for the operation or installation of equipment which interferes with the service of others;

upon discovery of the existence of

- meter tampering or diversion of service;
- a known dangerous condition;
- any unlawful use of service;
- the violation of any ordinance, statute or regulation regulating the submetering of utility service; or
- the violation of any regulation which relates to utility service, or which provides for termination or refusal of service as a remedy.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND

PART 02.00.00

TERMINATION OF SERVICE

Section 02.07.02

Grounds for Termination of Service contd.

Page 41

02.07.02

INSUFFICIENT GROUNDS

The Company may not terminate utility service for any of the following reasons in and by themselves:

delinquency in payment for service by a previous Customer at the service address unless the present Customer is liable for such service under these Regulations or under the law of this State,

failure to pay for merchandise or other charges for non-utility service owed to the Company; or

failure to pay a bill disputed under the formal appeal provisions set forth in Sections 01.05.01-01.05.05 of these Regulations, until determination is made by the Hearings Officer.

The Company may not discontinue service before 8 A.M. or after 5 P.M. on weekdays or at any time on Friday, Saturday, Sunday or a holiday unless the Company's business office is open and service can be reconnected the following day.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Procedural Requirements for
Collection and Termination

PART 02.00.00
Section 02.08.01
Page 42

02.08.01

APPLICABILITY

Service subject to termination can be terminated as specified in all provisions of this Section except when service is to be terminated for the following reasons

At the Request of the Customer - Service will be terminated within six (6) workings days of the request. No notice to Customer is required.

Payment with a Check Returned by a Bank - Sections 02.04.08 and 02.08.02 through 02.08.04 of these Regulations apply to termination of service in these circumstances.

Where a Known Dangerous Condition Exists or Where a Condition Threatens the Public Health, Safety, or Resources - Service can be terminated without prior notice and remain terminated as long as the condition exists.

02.08.02

NOTICE

When a Customer's account becomes subject to termination, written notice of the proposed termination shall be given by the Company.

The notice shall:

be sent by mail to the mailing address of the Customer, unless the service address is different,

be printed in English and Spanish;

state reasons for the proposed termination;

state the Customer's right to a hearing before such termination occurs; and

state that the Customer who so desires must request a hearing by contacting the Company at a stated telephone number or in person within and not later than

- seven (7) days following the date of the mailed notice,

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Procedural Requirements for
Collection and Termination cont.

PART 02.00.00
Section 02.08.03
Page 43

02.08.03

FIELD COLLECTION - GENERAL CIRCUMSTANCES

If the Customer does not take action by the date required by the termination notice, a representative of the Company shall be sent to the service address.

The Company's representative will

terminate service, and leave written notice of termination if

- Customer is not on the premises, or
- Customer refuses to pay at least the previous balance; or

not terminate service if

- Customer pays the previous balance due in full,
- Customer shows receipt for payment of at least the previous balance due, or
- Customer shows proof of compliance with a satisfactory deferred payment agreement which can be verified by the collector; or
- Customer shows proof of a serious illness of someone residing at the residence pursuant to the terms of Section 01.03.06;
- hazardous weather conditions exist (see Section 01.02.11).

02.08.04

FIELD COLLECTION - SPECIAL CIRCUMSTANCES

Multi-Unit Structure Served By a Single Meter - When service is provided to a structure known to be divided into two or more separately occupied units and billed to a single Customer rather than the individual occupant, the Company representative sent to make collection at the service address will

not terminate service on the first visit but will inform the Customer in person or in writing of the previous balance owed;

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Procedural Requirements for
Collection and Termination cont.

PART 02.00.00
Section 02.08.04
Page 44

give written notice that service will be subject to termination after two (2) days and will be terminated after notice of the pending termination has been given to all occupants of the structure;

give written notice to the occupants of the structure (by affixing a notice to each door or by hand delivering a notice to one occupant in each dwelling unit) advising them of the past due balance owed on the Customer's account. The notice shall indicate that the Customer has two (2) days from the date of the notice to pay the previous balance and avoid service termination; and

give written notice to the occupants (by affixing a notice to each door or by hand delivering a notice to one occupant in each dwelling unit) that they may make arrangements with the Company to pay the Customer's bill before service is terminated or to re-initiate service after termination, if they so desire; however, such action

- in no way releases the Customer of responsibility for the current balance due or future utility charges and fees; and
- does not obligate the occupants to pay the Company for future utility charges and fees

Hazardous Weather Conditions - When hazardous weather conditions exist, the Company Vice President-Central Texas, or his or her designee, may activate a moratorium on residential termination due to nonpayment.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE

PART 02.00.00

Section 02.08.05

Procedural Requirements for
Collection and Termination cont.

Page 45

02.08.05

RE-INITIATION OF SERVICE

Terminated service will be re-initiated if

the Customer pays the past due balance; and

the Customer supplies or maintains residential or non-residential credit security on the account; or

the Company accepts a deferred payment agreement for the amount due; and

the Customer supplies or maintains residential or non-residential credit security on the account.

Re-initiation of service will result in an active Customer's account being charged fees as indicated in Section 02.08.06.

02.08.06

FEES AND CHARGES

The purpose of the fees and charges described here is to defray the costs relating to delinquent accounts.

The amount of each fee is contained in Sections 04.01.01 - 04.01.02 of these Regulations.

The fees and charges will be identified on a regular bill.

Unauthorized Consumption Fee - Charged for the replacement of an illegally broken meter seal or locking device to the Customer who could be reasonably expected to benefit from gas service received through said meter.

Initiation Fee - Charged to any Customer whose service is terminated and then re-initiated unless terminated in error by the Company. This fee is the same as the standard Initiation Fee charged for new service.

Field Collection Fee - Charged to any Customer whose failure to respond to a termination notice necessitates the dispatch of a Company representative who collects payment from the Customer.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

INITIATION, CONTINUATION AND
TERMINATION OF SERVICE
Procedural Requirements for
Collection and Termination cont.

PART 02.00.00
Section 02.08.06
Page 46

Meter Damage Charges - Any account terminated for meter tampering or for any unlawful use of service which causes damage to the meter installation shall be charged for the damage caused.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

TECHNICAL SPECIFICATIONS FOR SERVICE
Company's Installation and Metering

PART 03.00.00
Section 03.01.01
Page 47

03.01.01

PROTECTION BY CUSTOMER

The Customer shall protect the Company's meters, lines appurtenances and apparatus on the Customer's premises; and

shall allow only the Company's agents or persons authorized by law to inspect or handle same.

In the event of any loss or damage to such property of the Company, caused by or arising out of negligence or misuse by a Customer or other person controlled by the Customer, the cost of making good such loss or repairing such damage shall be paid by the Customer.

03.01.02

METER INSTALLATION

The Company shall furnish and install any necessary meter.

The Customer shall provide and maintain a location

- free of expense, and
- satisfactory to the Company for installation, reading, and maintenance of its installation.

03.01.03

EVIDENCE OF CONSUMPTION

The registration of the Company's meter shall be accepted as prima facie evidence of the amount of service taken by a Customer.

03.01.04

METER TESTS

The Company shall test its meters and maintain accuracy of registration in accordance with good practice.

On request of a Customer, the Company will make a special test. If any such special test shows the average registration of a meter to be in error;

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

TECHNICAL SPECIFICATIONS FOR SERVICE

Company's Installation and Metering cont.

PART 03.00.00

Section 03.01.04

Page 48

- By more the three percent (3%) fast or slow, the Company shall bear the cost of the test and shall make billing adjustment.
- By less than three percent (3%), fast or slow, the Customer shall be required to bear the cost of the test.

03.01.05

BILL ADJUSTMENT DUE TO METER ERROR

If any meter is found to be registering above or below the limits of accuracy, the Company shall refund or bill an amount equal to the difference between the bills rendered and the amount which would have been billed if the meter had been 100 percent accurate pursuant to Section 02.04.04.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

SUPPLEMENTS

Fees and Cash Deposits

PART 04.00.00
Section 04.01.01
Page 49

04.01.01

FEEES

\$1.00 Self Service Discount - applicable when service orders initiated by the customer (via the company web site or other electronic means) are successfully scheduled without contact with a company representative.

\$5.00 Final Payment Credit Card Discount - applicable to customers who provide a credit card number to be used as payment for their final bill. The credit card information must be provided at the time they request termination of service. Credit is applied upon successful confirmation of the payment of the final balance on the account.

After hours - One and one-half normal retail labor rate.

Unauthorized Consumption - \$20.00 plus expenses

Field Collection - \$10.00

Multi-unit Field Collections - \$30.00 per hour

Initiation of Service (1) - \$35.00

Initiation of Service (2) - \$25.00

Read-In - \$10.00

Returned Check - \$15.00

No Access - \$10.00

Customer requested meter test:

Positive Displacement -

250 cubic feet per hour or less - \$20.00

251 to 1500 cubic feet per hour - \$25.00

1501 to 3000 cubic feet per hour - \$30.00

Over 5000 cubic feet per hour - \$50.00

Orifice Meters

All sizes - \$50.00

(1) For 400 cubic foot and larger meters.

(2) Residential and for meters smaller than 400 cubic feet.

ENVIRONS OF THE CENTRAL TEXAS SERVICE AREA

UTILITY SERVICE REGULATIONS

SUPPLEMENTS

Fees and Cash Deposits cont.

PART	04.00.00
Section	04.01.02
Page	50

04.01.02

CASH DEPOSITS

Residential Service - one sixth (1/6) of the estimated annual billing for services rendered; minimum \$50.00.

Commercial Service - one sixth (1/6) of the estimated annual billings for services rendered; minimum \$60.00

Industrial Service - one sixth (1/6) of the estimated annual billings for services rendered; minimum \$100.00